

# STUDY WORK PLAN

## PURPOSE

To obtain approval from the Legislative Oversight Committee of a work plan to implement a legislative study commissioned in the 2002 Legislative Supplemental Transportation Budget.

## LEGISLATIVE BACKGROUND

“Sec. 217. The appropriation in this section is subject to the following conditions and limitations: \$300,000 of the motor vehicle account—state appropriation is provided solely for a study of private-public partnerships in transportation. The department of transportation shall provide staff support to a legislative oversight committee that will manage a study of public-private partnerships in transportation. The legislative oversight committee will consist of three members from each caucus in each house of the legislature, appointed by the leadership of the legislators’ respective caucus. The legislative oversight committee shall analyze and make recommendations on:

- (1) The barriers that prevent the private sector from providing transportation services, which could include ferry, bus, or monorail;*
- (2) the use of public-private partnerships nationally and the experiences of other states in using public-private partnerships;*
- (3) the public-private opportunities for transportation projects in Washington; and*
- (4) the advantages and disadvantages of the financing options available for public-private partnerships.*

*The legislative oversight committee shall report its findings and recommendations to the legislature by December 1, 2003”* (2002 Supplemental Transportation Budget)

In late April 2002, an initial meeting was held with the Chairs of the House and Senate Transportation Committee, other legislative members and committee staff to discuss some ideas about the study. There is strong agreement that the study not be limited to public-private partnerships, nor referred to as a study on public-private partnerships. Rather the sentiment and direction is to examine a spectrum of innovative financing strategies for a wide range of transportation project types. Thus, the proposed name: “Transportation Infrastructure Financing Alternatives.” While this work plan presents a general map of this study’s journey, the details of each suggested activity are still to be discussed and researched to ensure a useful outcome for the Legislature.

## COMMITTEE CHARTER

Analyze issues related to innovative financing strategies for transportation infrastructure investments. The Committee will make its findings and recommendations in a report to the 2004 Legislature.

## WORK PLAN OBJECTIVES

**EDUCATE** Legislative Members on a range of transportation project financing alternatives, various models of partnerships and institutional arrangements, and an understanding of the administrative, legal and institutional barriers to using innovative project financing to meet state transportation needs.

**CREATE AN ACTION PLAN** that recommends a legislative framework for using alternative financing for addressing some state transportation needs.

**ACHIEVE CONSENSUS** by involving and informing a wide range of federal, state, regional and local officials in the development and implementation of the action plan.

## STUDY WORK PLAN

### STUDY GOAL 1: EDUCATE

**I. Overview of Washington State's Experience: Public-Private Partnerships and the use of innovative strategies for financing transportation projects.**

A broad spectrum of experiences in Washington State will include various viewpoints including the perspectives of business, developer/construction and financial markets. Briefly revisit the original PPI projects to understand the procurement process, what projects private companies proposed, what the project financing plans were and the final disposition of the projects.

**II. Understanding the Range of Project Financing Strategies and Public-Private Partnerships.**

Financial experts will be invited to review a range of innovative financing strategies that have been used on other projects. These include toll authorities, special purpose entities, certificates of participation, 63-20's, leveraging public funds, and federal funding programs. Committee members will become more informed of current opportunities to achieve financing for transportation projects.

**III. Exploring the legal, regulatory and administrative barriers to Washington State's Use of Alternative Financing Methods.**

Legal experts will present a range of issues for discussion by the committee for the purpose of identifying specific legal barriers (e.g. Constitution, existing state law), regulatory barriers (risk profiles that affect project financing), and administrative barriers (prioritization of existing resources). The result would be an understanding of what, if any, state laws need to be created or updated.

**IV. What projects are we trying to finance?**

Project experts will be invited to discuss the funding of high cost projects (+\$50 million); lower cost projects (under \$50 million); highway projects; bridges; and transit systems and facilities (ferry, bus, rail and monorail). Opportunities for

new projects or “Greenfield” projects will also be explored. The committee would form a consensus of what type of projects they are developing financing strategies for.

**V. Institutional Arrangements for Financing Projects**

A range of institutional models will be examined by presenting case studies in alternative project financings. Experts from other states will be invited to present their project and discuss their state’s laws, barriers, institutional arrangements and lessons learned.

**STUDY GOAL 2: DEVELOP AN ACTION PLAN**

**I. Formulate an Alternative Financing Action Plan**

The Committee will create a model that provides an institutional framework to allow for the efficient financing of state transportation projects; maximizes and leverages existing resources and provides for sufficient transparency and public accountability. The Committee Findings would be drafted and a session would be held to formulate recommendations. If the Committee decides that new statutes need to be created or existing statutes amended then the appropriate number of meetings would be scheduled.

**STUDY GOAL 3: ACHIEVE A CONSENSUS**

**I. Obtain Feed Back on the Action Plan**

A number of qualitative and quantitative data might be collected concerning the specific implementation issues suggested in the Action Plan. For example, a statewide telephone public opinion survey or focus groups could be developed on such subjects as the implementation of tolls, institutional/jurisdictional questions, or specific project implementation, etc. (Depending upon the specifics of the legislative plan.)

**II. Legislative Regional Meetings to present and discuss the Alternative Financing Action Plan**

State and local elected officials will be invited to attend 1 of 4 meetings hosted by the Legislative Oversight Committee. The purpose of the session is to discuss an action plan with a wide range of city and county elected officials and agencies. Key stakeholders would also be invited to the discussion including Governor, State Treasurer, OFM, Regional Organizations, etc. A minimum of four Legislators from the Committee would be required to sit on each panel.

**III. Final Report**

The final report will be drafted to document the Committee’s findings and to explain the recommended legislative plan. A draft will be presented to the Committee members for final comment and discussion. The Committee may wish to invite other legislative members to this session in order to discuss a legislative strategy for the 2004 session.